

My name is Terry Punt and I live and ranch near Birney in Southeastern Montana. Our family homesteaded here in the late 1880's. We graze cattle on about 24,000 acres, 2/3 of which is leased from the Federal government USFS, and manage to put up enough hay in the summer on a good year to feed them through the winter. Our country is rugged and arid, 12 inches of precipitation average a year. Fortunately, we are blessed with numerous springs, ephemeral drainages, and shallow wells to accommodate ourselves and our livestock. These precious water resources allow us to survive.

Our experience with Federal oil and gas leases began in the mid to late 1990's. We have a split estate situation on a lot of the ranch as later homesteads were added after the Federal government reserved the coal, oil and gas estates below homesteaded lands. We were seeing signs of a coalbed methane natural gas boom south of us thirty miles or so away and were being approached by landmen looking to lease our privately owned minerals. When we asked the local BLM office in Miles City if any federal minerals had been leased, they informed us that all of them, under about 2/3s of the ranch, had been leased to 6 different companies who held leases and some had already been sold to others. We had to keep checking over the years to figure out who had what leased as they were highly speculative and changed hands frequently. This took a lot of phone calls and for a while the understaffed office had no one available to process our requests. Luckily the gas market collapsed in 2008 before the infrastructure reached here.

Not so lucky for some of our neighbors upstream. Many had well pads spaced every 80 acres with a maze of roads connecting them all. Loud compressor stations and power lines were installed to operate the wells and pump the gas. Traffic and dust endangered their animals, as did toxic waste water pits. Their soils were devastated when some of the produced water was applied as so called "managed irrigation" to their fields as a means of waste disposal. Their groundwater supplies were depleted through the coalbed methane extraction process and many of their springs and wells went dry. The gas companies provided them with water while they had a lot of extra produced water from their drilling operations, but when the market dropped and the companies left, they took their water trucks with them. Now these ranches are low producing compared to their

earlier status because they don't have water. Some of our neighbors left, selling to unsuspecting newcomers.

Almost 15 years later, weeds still persist, outcompeting native species. Roads remain abandoned and cause flooding and poor drainage. Waste water pits dot the landscape, with the contaminants running downstream every time we get a flash flood. Aquifers have not returned to previous levels and probably never will. Compressor stations sit idly, unclaimed well pads are the norm. We don't know if they emit air pollution. The power lines remain, but don't power anything; a nuisance to our local rural electric co-op. One company out of all of them (Fidelity), did actually pull out their compressors, pipelines, plug well heads and did the proper seeding and reclamation, but the damage to the local aquifers cannot be mitigated, and water can't be replaced.

I spent about 12 years as a member of the Powder River Basin Controlled groundwater technical advisory committee formed to monitor the groundwater effects to our area from coalbed methane development. Funding for our monitoring came from state legislation which taxed gas production from CBM to facilitate baseline water well and spring testing done by the Montana Bureau of Mines and Geology which compiled the data into annual monitoring reports, but also continually monitored for groundwater changes. A baseline water well testing requirement before drilling in an area should be mandatory before a lease is issued and continuous monitoring should be a part of any reasonable bonding reform.

Needless to say, any surface use agreements these folks signed did not cover the loss they suffered over the years and will never restore the water resources they could have utilized.

One unspoken cost of speculative oil and gas leasing is the strife it causes in small communities where some people want the boom and others are happy with the status quo. It happened here during the coal leasing days of the 1970's and again during the CBM boom. Families, children, lifelong relationships were destroyed by the craze that came with the sometimes-conflicting values of the money and jobs at a cost relative to the long-term environmental impacts to the region. In a sparsely populated area, we depend on good relationships, because we help each

other with a lot of the cattle work, fight wild fires alongside each other and our children go to school together.

Thank you for your time and interest.

Terry Punt